

Message Text

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PAGE 01 NASSAU 00355 032057Z

63

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 L-03 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 PA-01 PRS-01

USIA-06 /034 W

----- 111173

P 031653Z MAR 76

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC PRIORITY 7900

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E.O. 11652: N/A

TAGS: EAIR, BF

SUBJ: GCOB PROTESTS PROPOSED SUSPENSION OF PANAM NEW YORK/
NASSAU SERVICE

1. EMBASSY RECEIVED FOLLOWING NOTE DATED MARCH 2, 1976 FROM
MINEXTAFF: QUOTE

....AND HAS THE HONOUR TO ADVISE THAT IT HAS COME TO THE
ATTENTION OF THE BAHAMAS GOVERNMENT THAT PAN AMERICAN WORLD
AIRWAYS PROPOSES TO REQUEST THE PERMISSION OF THE CIVIL
AERONAUTICS BOARD TO SUSPEND ITS SCHEDULED SERVICES TO THE
BAHAMAS, THAT IS, ITS NEW YORK/NASSAU/ROCK SOUND SERVICE FROM
15TH MARCHN 1976 TO 15TH DECEMBER, 1977.

IT IS UNDERSTOOD THAT PAN AMERICAN PROPOSES TO TAKE THIS
ACTION BECAUSE OF THE PURPORTED LOSS BY THE AIRLINE OF NEARLY
DOLS 4 MILLION LAST YEAR ON THE ROUTES FROM NEW YORK TO NASSAU
TO ROCK SOUND. THE GOVERNMENT OF THE COMMONWEALTH OF THE
BAHAMAS VIEWS THIS PROPOSED ACTION WITH GREAT CONCERN AND IS
COMPELLED TO POINT OUT THAT ANY SUCH PRECIPITOUS ACTION BY
PAN AMERICAN WILL HAVE ADVERSE EFFECTS ON THE BAHAMIAN
ECONOMY.

THIS MINISTRY HAS BEEN INFORMED THAT IN 1975 ABOUT 14 PER
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PAGE 02 NASSAU 00355 032057Z

CENT OF AIR ARRIVALS TO THE BAHAMAS WERE CONVEYED BY PAN

AMERICAN. FURTHER, OF THE AVAILABLE SCHEDULED SEATS BETWEEN NEW YORK AND NASSAU LAST YEAR SOME 46 PER CENT WERE OFFERED BY PAN AMERICAN. GIVEN A TOTAL OF OVER 50,000 OVERSEAS PASSENGERS TRANSPORTED FROM NEW YORK TO NASSAU BY PAN AMERICAN, THE GAIN TO THE BAHAMAS ECONOMY FROM THEIR SPENDING IS ESTIMATED TO BE APPROXIMATELY DOLS 17 MILLION. IN ADDITION, THE MINISTRY OF TOURISM REGARDS THE NEW YORK MARKET AS THE PRIMARY MARKET FOR VISITORS TO THE BAHAMAS IN TERMS OF HOTEL-DAYS SPENT.

IT CAN BE SEEN, THEREFORE, THAT PAN AMERICAN INDIRECTLY CONTRIBUTES SIGNIFICANTLY TO THE GROWTH AND DEVELOPMENT OF THE BAHAMIAN ECONOMY, PARTICULARLY WHEN IT IS REALIZED THAT TOURISM IS THE MOST IMPORTANT SINGLE INDUSTRY IN THE BAHAMAS.

THE EMBASSY'S ATTENTION IS DRAWN TO THE FACT THAT PAN AMERICAN WITHDREW ITS MIAMI/NASSAU SERVICE AND ITS NEW YORK/FREEPORT SERVICE IN 1974 AND THAT THOSE CUT-BACKS SERIOUSLY AFFECTED THE SEAT-LIFT TO THE BAHAMAS INCLUDING PASSENGER TRAFFIC FROM THE IMPORTANT SOUTHEASTERN MARKET.

SUBSEQUENT TO THE SUSPENSION OF THE MIAMI/NASSAU AND NEW YORK/FREEPORT SERVICES APPROACHES TO PAN AMERICAN HAVE BEEN MADE REPEATEDLY IN AN EFFORT TO OBTAIN INFORMATION CONCERNING THE AIRLINES' INTENTIONS IN RESPECT OF FUTURE OPERATIONS TO THE BAHAMAS. THESE APPROACHES INCLUDED VISITS BY THE MINISTER OF TOURISM TO PAN AMERICAN'S HEADQUARTERS IN NEW YORK. AS A RESULT OF SUCH APPROACHES ASSURANCES WERE GIVEN THAT DESPITE PAN AMERICAN'S WITHDRAWAL FROM OTHER SERVICES THE AIRLINE HAD NO INTENTION OF DISCONTINUING ITS OPERATIONS TO THE BAHAMAS. AT A MEETING IN NEW YORK WITH PAN AMERICAN OFFICIALS IN NOVEMBER, 1975, IT WAS INDICATED THAT ALL SERVICES WOULD BE REVIEWED BUT AN ASSURANCE WAS GIVEN TO THE BAHAMAS' REPRESENTATIVES THAT THE AIRLINE WOULD KEEP THEM WELL INFORMED AND PROVIDE ADEQUATE NOTICE SHOULD A DECISION BE MADE TO CHANGE THE PATTERN OF OPERATIONS TO THE BAHAMAS.

THE MINISTRY OF TOURISM HOLDS THE VIEW THAT THE NEW YORK/NASSAU ROUTE IS A PROFITABLE ONE AND POINTS OUT THAT PAN AMERICAN BROUGHT 46,923 PASSENGERS TO NASSAU FROM NEW YORK AND HAD 106,123 REPORTED SEATS GIVING A LOAD FACTOR OF 53.6 PER CENT. LIMITED OFFICIAL USE

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PAGE 03 NASSAU 00355 032057Z

THIS IS TO BE CONSIDERED AGAINST THE BACKGROUND OF A STATEMENT PUBLISHED IN "THE AVIATION DAILY" OF 17TH FEBRUARY, 1976, THAT, "THE PAN AMERICAN BREAK-EVEN LOAD FACTOR IS NOW 47.4 PER CENT, THE LOWEST SINCE 1968 WHEN THE BREAK-EVEN WAS 47.8 PER CENT."

THE MINISTRY OF TOURISM RECOGNIZES THAT THE NASSAU/ROCK SOUND SEGMENT OF THE SERVICE PROBABLY RUNS AT A LOSS, AND HAS CALLED

ATTENTION TO THE FACT THAT IN 1975 PAN AMERICAN OFFERED TO RELINQUISH THIS PART OF THE SERVICE TO BAHAMASAIR AND ALTHOUGH BAHAMASAIR MADE PREPARATION TO TAKE OVER THAT SERVICE PAN AMERICAN DECIDED TO RETAIN IT. BAHAMASAIR EXPRESSED ITS WILLINGNESS AT THAT TIME TO TAKE OVER THE NASSAU/ROCK SOUND SEGMENT OF THE NEW YORK/NASSAU/ROCK SOUND ROUTE AND THE MINISTRY UNDERSTANDS THAT BAHAMASAIR IS STILL WILLING TO DO SO.

THE MINISTRY OF EXTERNAL AFFAIRS WISHES TO EMPHASIZE THAT THE SUSPENSION OF PAN AMERICAN'S SERVICE ON THE 15TH MARCH, 1976 WOULD RESULT IN A SERIOUS SETBACK TO THE COUNTRY'S ECONOMY WHICH IS LARGELY DEPENDENT ON TOURISM AS A MAJOR SOURCE OF REVENUE. IT WISHES ALSO TO POINT OUT THAT SHOULD THE CIVIL AERONAUTICS BOARD ACCEDE TO PAN AMERICAN'S REQUEST IT WOULD MEAN THAT THE BAHAMAS WOULD BE WITHOUT THE SERVICES OF A COMPETITIVE AIRLINE FROM NEW YORK DURING ONE OF THE BUSIEST MONTHS OF THE TOURIST SEASON. THE WINTER SEASON THIS YEAR DOES NOT END UNTIL THE 25TH APRIL. FURTHER, SHOULD PAN AMERICAN'S SERVICE BE DISCONTINUED ON 15TH MARCH, IT WOULD MEAN THAT THE BAHAMAS WOULD LOSE PAN AMERICAN'S SEAT CAPACITY AND THEIR MARKETING ASSISTANCE TO SELL TRAVEL TO THE BAHAMAS THROUGH THE BUSY EASTER PERIOD.

THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS THEREFORE REQUESTS THE UNITED STATES EMBASSY TO EXPRESS TO THE U.S. STATE DEPARTMENT AND TO THE CIVIL AERONAUTICS BOARD ITS DEEP CONCERN OVER THE PROPOSED SUSPENSION OF SCHEDULED SERVICES TO THE BAHAMAS BY PAN AMERICAN WORLD AIRWAYS EFFECTIVE 15TH MARCH, 1976 TO 15TH DECEMBER, 1977, AND ALSO THE ADVERSE AND DISRUPTIVE EFFECTS THE PROPOSED SUSPENSION WILL HAVE ON THE ECONOMY OF THE BAHAMAS.

THE BAHAMAS GOVERNMENT FURTHER REQUESTS:
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PAGE 04 NASSAU 00355 032057Z

KQL THAT IN THE EVENT THE CIVIL AERONAUTICS BOARD GIVES FAVOURABLE CONSIDERATION TO PAN AMERICAN WORLD AIRWAYS' REQUEST FOR DISCONTINUATION OF ITS SERVICES TO THE BAHAMAS THE EFFECTIVE DATE OF SUCH DISCONTINUATION BE 25TH APRIL, 1976 AND NOT AN EARLIER DATE;

(2) THAT IN ANY EVENT ON WHATEVER DATE THE PAN AMERICAN WORLD AIRWAYS SERVICE IS DISCONTINUED THE LICENCE UNDER WHICH PAN AMERICAN WORLD AIRWAYS OPERATES SCHEDULED AIR SERVICES BETWEEN THE UNITED STATES AND THE BAHAMAS BE CANCELLED;

(3) THAT PAN AMERICAN WORLD AIRWAYS NOT BE PERMITTED TO DISCONTINUE ITS SCHEDULED SERVICES BETWEEN NEW YORK AND NASSAU UNTIL A SUBSTITUTE U.S. CARRIER APPROVED BY THE BAHAMAS

GOVERNMENT IS AVAILABLE OR OTHER ARRANGEMENTS FOR ADDITIONAL SERVICES HAVE BEEN MADE.

THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS FURTHER REQUESTS THE UNITED STATES EMBASSY TO CONVEY TO THE U.S. STATE DEPARTMENT AND THE CIVIL AERONAUTICS BOARD ITS CONTINUED DEEP INTEREST IN NEGOTIATING ON A RECIPROCAL BASIS A LICENCE FOR BAHAMASAIR IN RESPECT OF THE NASSAU/NEW YORK ROUTE. (COMPLIMENTARY CLOSE) UNQUOTE

2. EMBASSY COMMENTS FOLLOW SEPTTEL.
WEISS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DIPLOMATIC PROTESTS, AIRLINES, AIR ROUTE APPLICATIONS, DIPLOMATIC NOTES
Control Number: n/a
Copy: SINGLE
Draft Date: 03 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976NASSAU00355
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760081-0332
From: NASSAU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760399/aaaadjub.tel
Line Count: 181
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 07 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 JUL 2004 by saccheem>; RELEASED <07 JUL 2004 by saccheem>; APPROVED <08 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GCOB PROTESTS PROPOSED SUSPENSION OF PANAM NEW YORK/ NASSAU SERVICE
TAGS: EAIR, BF, US, PANAM
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006